



Inver Grove Heights City Council
Monday, November 3, 2025 at 6:00 PM

VMCC Community Room #3
8055 Barbara Ave, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Rebecca Kiernan (rkiernan@ighmn.gov). Comments received prior to 12:00 p.m. on Monday, November 3, 2025, will be provided to the Council at or before the November 3, 2025 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Discussion Items**
 - A. Proposed 2026 Opioid Fund Budget
 - B. Veterans Memorial Community Center – Proposed 2026 Budget Update
 - C. Stormwater Utility Rate Study Update
 - D. CLOSED SESSION: City Administrator Annual Performance Evaluation
5. **Adjourn**

This document is available upon a three (3) business day request in alternate formats such as braille, large print, audio recording, etc. Please contact Rebecca Kiernan, City Clerk, at 651.450.2513 or rkiernan@ighmn.gov.



Request for Council Action

SUBJECT: **Proposed 2026 Opioid Fund Budget**

MEETING DATE: November 3, 2025

ITEM TYPE: Discussion Items

CONTACT: Melissa Chiodo, Police Chief, 651.450.2526

ACTION REQUESTED

The Council is asked to consider and provide feedback on the proposed 2026 expenditure budget for the City's Opioid Settlement Fund (Fund 252).

BACKGROUND

Along with cities around Minnesota and across the country, IGH is receiving payments from several national legal settlements related to the opioid crisis. There is no deadline for spending these funds. However, there are rules on what they can be spent on and the process for authorizing those expenditures. To comply with these requirements, staff will be seeking Council adoption of a formal budget for this Fund for calendar year 2026.

The attached presentation outlines the proposed uses of these funds in 2026 to support community education and outreach focused on preventing opioid use, especially among youth.

FISCAL IMPACT

RECOMMENDATION

At this time, this is only a discussion item. Staff will seek formal Council adoption of a 2026 budget for this fund at a future regular meeting of the Council, after incorporating any feedback or direction received during the work session.

ATTACHMENTS

1. 2026 Opioid Fund Budget (Nov 3 2025 CC work session)

Proposed 2026 Opioid Fund Budget

Melissa Chiodo, Chief of Police
November 3, 2025



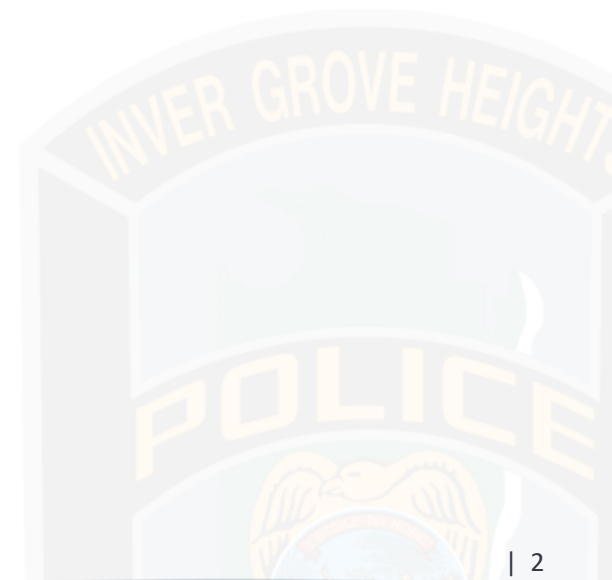
City of Inver Grove Heights
POLICE DEPARTMENT

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Opioid Settlement Fund (Fund 252)

- Revenue comes entirely from national opioid settlements
- Allocation of settlement funds
 - Local Governments get 75% of funds directly
 - All counties
 - Cities over 30,000
 - City with Public Health departments
 - Litigating Cities
 - Cities under 30,000 (through Dakota County)
 - State Governments get 25% of funds directly
- City of Inver Grove Heights
 - Estimated to receive \$821,494.00*
 - \$262,773 received as of March 2025

** City signed onto two additional settlements, no funds received yet*



Permitted Uses of Funds

- Must be tied to one or more specific strategies listed in settlement documents
- No deadline for spending the funds
- Requires an adopted budget or separate resolution authorizing expenditures during a specific period of time
- June 2023: Council gave direction for funds to be used on education and prevention; with a focus on youth in the community
- August 2025: Council approved the 2025-2026 SRO Contract with ISD 199 adding a second SRO that will provide L.E.A.D education in school

Prevention/Education Focus

Prevention/Education by SRO Taarud:

- L.E.A.D Instruction Grades 5 & 7
- Drug Education Community Wide ie: Guardians of ISD 199 students, Public Community Meetings etc.
- Support embedded social worker and crisis response officer on calls involving drug use/abuse and Mental Health that involve families from ISD 199 students

L.E.A.D. (Law Enforcement Against Drugs & Violence)

- Partner with our educators, community leaders, and families to foster violence and substance use prevention in local schools and communities.
- Create safer, healthier communities, schools, youths, and teens, with substance use prevention, anti-bullying, and violence reduction initiatives
- Evidence based model used in 44 states and counting
- Each of the *Too Good* curricula has undergone rigorous, independent evaluation studies to measure their effects on students' skills, attitudes, intentions, and behaviors. Studies have been published in peer-reviewed journals and presented at national evaluation conferences.
- Teaches five essential self-efficacy and interpersonal skills to build a perception of the harms of substance use and promote healthy development and academic success

Specific Strategies/Sections Referenced in MN State Opioid MOU

*Exhibit A, Part 2: Prevention,
Section G: Prevent Misuse of Opioids:*

(8) Evidence based prevention programs in schools, or evidence informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.

(10) Create or support community-based education or intervention services for families, youth and adolescents at risk for OUD and any co-occurring SUD/MH conditions.

Focus Areas for Youth Education/Prevention

- SRO L.E.A.D instruction in all 5th & 7th grade classes
 - Part 2, Section G, (8) of MOU
- Summer trainings for parents/guardians
 - Part 2, Section G (10) of MOU
- Summer Support of Embedded Social Worker/Crisis Officer & At-Risk Student Outreach
 - Part 2, Section G (10) of MOU



2026 Proposed Opioid Fund Budget

Description	Amount
In School LEAD Instruction by SRO	\$16,506.00
LEAD Curriculum & Supplies	\$3,809.00
Summer Outreach & Support (June 8-August 31, 2026)	\$8,500.00
<i>Total Proposed 2026 Expenditures</i>	<i>\$28,815.00</i>

Questions?





Request for Council Action

SUBJECT: **Veterans Memorial Community Center – Proposed 2026 Budget Update**

MEETING DATE: November 3, 2025

ITEM TYPE: Discussion Items

CONTACT: Adam Lares, Parks & Recreation Director, 651.450.2587
Julie Dorshak, Recreation Superintendent, 651.450.2588
Jamie Muscha, Community Center Manager, 651-554-3442
Aaron Fitzloff, Facilities Maintenance Superintendent, (651) 450-2469

ACTION REQUESTED

The Council is asked to receive a presentation on the updated and refined 2026 proposed operating budget for the Veterans Memorial Community Center (VMCC).

BACKGROUND

At the August 4, 2025, City Council work session, staff presented an overview of the proposed 2026 Veterans Memorial Community Center operating budget. Following that presentation, the Council provided feedback and direction for staff to further evaluate and refine certain elements of the proposed budget.

Since that meeting, staff have incorporated Council's feedback and made several refinements to the budget aimed at improving the Community Center's overall financial performance and cost recovery position. Staff are now prepared to present these updates and demonstrate how the adjustments have strengthened the Center's operational sustainability.

FISCAL IMPACT

At the August 4, 2025, work session, staff proposed a 2026 budget that called for a total cost recovery rate of 82.9% for the Community Center. Through the budget refinement process, staff identified additional revenue opportunities and reduced select expenditures, resulting in an improved projected cost recovery rate of 85.5% for 2026.

RECOMMENDATION

This is a discussion item only. After receiving and incorporating Council feedback, staff will bring forward the proposed 2026 Veterans Memorial Community Center operating budget for final adoption at a future regular Council meeting.

ATTACHMENTS

1. Community Center Budget Update

2026 Budget Update

Veteran's Memorial Community Center (VMCC)

City Council Work Session
November 3, 2025

Adam Lares, Parks and Recreation Director



2nd Look at Proposed Community Center Budget for 2026

Questions heard during August Council work session:

1. VMCC had a very good year, financially, in 2024 – allowing for a significantly smaller than normal transfer from the Host Community Fund.
➤ *Why not budget for a repeat of 2024 actuals?*
2. Questions about proposed adds to part-time staffing levels / hours

Revisions to proposed VMCC budget since August:

1. Reviewed rates and estimated revenues and made increases where feasible
2. Reviewed expenditures and reduced some line items

Revenue Changes

	2023 Actual	2024 Actual	2025 Budget	2026 Proposed (Aug. 4)	2026 Proposed (Nov. 3)
Total Operating Revenues	\$3,196,020	\$3,607,295	\$3,418,435	\$3,841,356	\$3,955,856
Increase (Decrease)	\$494,137 Increase over 2022	\$411,275 Increase over 2023	(\$188,860) Decrease from 2024 Actual	\$422,921 Over 2025 Budget	\$537,421 Over 2025 Budget
					+ \$114,500

Increases to proposed revenue budget since August 4:

- \$55,500 increase to Admissions (adding \$2/person non-resident rate)
- \$15,000 added to private swim lesson revenues
- \$40,000 summer ice rentals + \$5 increase per hour for all ice rentals
- **NEW** revenue source - \$4,000 in annual streaming payment for ice arena

Expenditure Changes since August version

- Decreased Repair/Maintenance accounts by \$20,000
- Decreased software conversion costs by \$10,000
- Reduced original request for staffing
 - Increase to staff hours for Kids Rock & Aquatics scaled back
 - P&R Communications Specialist increased from 25 to 32 per week, rather than from 25 to 40 as originally proposed.
- Savings to MN Paid Family & Medical Leave and Health/Medical premiums. *(Budget updated to reflect actual premium amounts for 2026, rather than estimated amounts.)*

Community Center Revenue Recovery

	2023 Actual	2024 Actual	2025 Budget	2026 Proposed (Aug. 4)	2026 Proposed (Nov. 3)
Total Operating Expenditures	\$3,908,130	\$3,955,409	\$4,326,110	\$4,635,810	\$4,626,545
Total Operating Revenues	\$3,196,020	\$3,607,295	\$3,418,435	\$3,841,356	\$3,955,856
Transfer Needed from Host Community Fund	\$712,110	\$348,114	\$907,675	\$794,454	\$670,689
Operating Costs Covered by Program Revenue	81.8%	91.2%	79%	82.9%	85.5%

Questions / Discussion

Request for Council Action

SUBJECT: Stormwater Utility Rate Study Update

MEETING DATE: November 3, 2025

ITEM TYPE: Discussion Items

CONTACT: Brian Connolly, Public Works Director, 651.450.2571

ACTION REQUESTED

The Council is asked to receive an update and presentation from City and consultant staff regarding the Stormwater Utility Rate Study (City Project No. 2024-11).

BACKGROUND

On February 10, 2025, the City Council awarded a contract to Advanced Engineering & Environmental Services, LLC (AE2S) to complete a stormwater utility rate study for the City (Resolution 2025-029). At the same meeting, the Council adopted Resolution 2025-030 establishing a Citizen Focus Group on Stormwater Utility Rates, soliciting interest from members of the community to serve on a Focus Group to provide feedback on a potential revised rate structure. The Focus Group, which consisted of six property owners and two Council members, was appointed on May 12, 2025 (Resolution 2025-105). Over the past eight months, City staff, representatives from AE2S, and the Focus Group have worked to review the City's existing stormwater utility fee structure, stormwater maintenance and capital needs, options to simplify the rate structure, and rate structures from peer communities, and have discussed means by which the City could provide public outreach and information regarding the need for an adequately-funded stormwater management system in the community.

City staff, along with representatives from AE2S, would like to provide a presentation to the City Council regarding these stormwater utility rate study efforts, and receive feedback on the following specific discussion topics:

1. Purpose and fiscal challenges of the current Stormwater Utility
2. Rate Study scope and goals
3. Review of the Citizen Focus Group process
 - Rate structure options
 - Preferences for rate structure
 - Methods of effective public outreach
4. Review the process and options for implementing a new rate structure (schedule, timing, logistics, etc.)
 - Includes sample rate comparisons between existing and proposed rate structure
5. Rate projects for different rate revenue scenarios over the next 10+ years
6. Discuss public outreach recommendations/options

Attached are the following documents that the Council may find useful in reviewing and preparing for this discussion:

1. Draft Focus Group Summary
2. Draft PowerPoint Presentation

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. Focus Group Report Summary (DRAFT)
2. PowerPoint Presentation - Stormwater Rate Study Update (DRAFT)

Inver Grove Heights

Citizen Focus Group on Stormwater Utility Rates

Summary Report

October 28, 2025

Introduction and Citizen Focus Group Purpose

A Citizen Focus Group on Stormwater Utility Rates was convened to assist in the development of a more equitable and sustainable stormwater utility rate structure. Composed of eight (8) community stakeholders, the Focus Group represents a range of perspectives to help ensure the final rate structure promotes equity, transparency and long-term financial sustainability. The Focus Group members included:

1. Council Member Tony Scales
2. Council Member John Murphy
3. Kathleen Kincade
4. Mark Nordstrom
5. Kelly Kayser
6. Randy Sampson
7. Luisa Torres
8. Barbara Cysiewski

A “Charter for the Inver Grove Heights Citizen Focus Group on Stormwater Utility Rates” was established and outlines the Purpose, Objectives, and Roles and Responsibilities of the Focus Group (attached). In summary, the group’s role was to provide feedback to City staff and the City Council regarding the development, evaluation, and implementation of a recommended stormwater utility rate structure. Ultimately, the Focus Group:

1. Gained an understanding of the Stormwater Utility including current and future needs.
2. Explored rate structure options and identified a recommended rate structure.
3. Developed key concepts for public outreach related to the proposed rate structure.

The purpose of this report is to provide a summary of the Focus Group actions and meetings, including key findings and takeaways, summarize the recommended rate structure, and provide guidance for outreach and messaging.

The Focus Group met six (6) times between May 20, 2025 and September 9, 2025. In addition to meeting attendance and participation, the Focus Group completed “homework,” including reviewing provided materials, independent research, and engaging with neighbors and friends for input. A summary of each meeting and associated key takeaways are provided below. In addition, the Agenda, Meeting Minutes, and Presentation content for each meeting are archived by the City.

Citizen Focus Group Actions and Meeting Summaries

Meeting 1: Introduction & History/Background (May 20th, 2025):

The first Focus Group meeting introduced participants to the City’s Stormwater Utility and established a foundation for future discussions. The group discussed the purpose and goals of the Focus Group and an overview of the Stormwater Utility, including history of the Utility, identified challenges and issues, and the existing Stormwater rate structure. One key takeaway from the meeting was the agreed upon need to update the existing rate structure, which was found to be overly complex, difficult to understand, inefficient for staff to administer, and inequitable for users.

Key Takeaways

- Established a basic understanding of the Stormwater Utility.
- Stormwater maintenance is being deferred and the City has been in a reactive rather than proactive mode for addressing aging capital infrastructure.
- The existing rate structure is too complex. It is inefficient for city staff to manage and administer, complicated, and inconsistent.

Meeting 2: Utility Needs and Rate Structures Introduction (June 10th, 2025):

This meeting focused on the financial foundation of the Stormwater Utility, including an overview of key revenue sources as well as the operating and capital funds. The group reviewed several potential rate structures, evaluating the advantages and disadvantages of each. Rate structures for several peer communities were also reviewed and discussed. The “Impervious Surface Area” and “Gross & Impervious Surface Area” methods emerged as the preferred rate structure alternatives at this stage.

Key Takeaways

- The existing rate structure is too complicated and does not provide enough revenue to keep up with capital demands. Changes and increases to the rates are warranted.
- “Impervious Surface Area” and “Gross & Impervious Surface Area” methods are preferred at this point due to their simplicity to understand and ability to apply equitably regardless of zoning and land use.
- Testing the rate structures will be based on the current revenue generation in order to keep the emphasis on the rate structure itself. Future increases to rates under a revised rate structure will be evaluated as a future effort.

Meeting 3: Rate Structure Options (July 7th, 2025):

This meeting focused on existing parcel data (number of parcels by type, total area, impervious area, etc.) and how it applies to proposed rate structures. Three key rate structure methods reviewed include:

1. Impervious Surface Area
2. Gross and Impervious Surface Area
3. Gross Area Factored by Runoff Coefficient

Example properties in the City were used to show potential bill impacts under each rate structure option. A notable finding was that urban residential users could see lower bills under some models, while rural residential properties saw significant increases across all models. While the data supports this, the group noted that public perception may be a challenge to overcome with implementation. Clearly communicating the citywide benefits of the Stormwater Utility was emphasized.

Key Takeaways

- There was some surprise by the group that urban residential bills go down from the current structure. The math and data support these adjustments, however, perception is hard to change.
- There is a need to communicate to residents that the whole city is connected and benefits from the Stormwater Utility.
- The concept of establishing a minimum bill was brought up as most other utilities set minimum billing values.

Meeting 4: Rate Structure Options Part II (July 22nd, 2025):

This main topic of this meeting was residential rate structure options, specifically a “Flat Rate + Net Area” concept (which is a modification, specific to residential properties, of the “Gross & Impervious Surface Area” rate structure method discussed in previous meetings). The group found that this approach more fairly distributes costs across land uses and avoids placing an undue burden on rural residential properties. While there were a few key details to iron out such as the Flat Rate dollar amount and confirming parcel size threshold for the Net Area charge, there was overall consensus on utilizing some form of flat rate for all single-family residential properties.

Key Takeaways

- The “Flat Rate + Net Area” concept seems to more equitably distribute costs across land uses unlike others which put more of a burden on rural residential properties.
- There is consensus among the Focus Group members to move away from annual billing, particularly for rural properties. The general reasoning is that incremental (quarterly) billing provides a lower bill statement, while keeping stormwater front-of-mind throughout the year, and not just at year-end.
- The draft concepts shown used a Net Area charge threshold of 40,000 sq-ft (0.92 acres) aligning with the minimum lot size for R-1A zoning. It was recommended that this threshold continue to be utilized but rounded to 1.0 acre for easier communication and potential implementation of the new rate structure.
- The Flat Rate needs to be refined, but preliminary looked at a range from \$4.00 to \$6.00 per month (\$48 - \$72 per year) (which would apply to all residential properties up to one acre in size).
- There was consensus that non-residential properties should have a minimum bill.
- Initial discussions on messaging and outreach were held as a precursor to the next meeting in August.

Meeting 5: Recommended Rate Structure and Outreach (August 26, 2025):

This meeting focused on the recommended rate structure as well as messaging and outreach concepts. The recommended rate structure is the “Gross & Impervious Surface Area” method, with modification to this methodology for residential parcels to use a “Flat Rate + Net Area Charge.”

Under the Gross & Impervious Surface Area structure, non-residential bills are established based on multiplying both gross (total) area and impervious area by their respective unit rates. Unit rates are established by distributing revenue requirements amongst the total area and impervious area of the city, regardless of zoning or land use classifications.

The group reviewed definitions for “Gross Area”, “Impervious Area”, and “Net Area”. Example properties in the City were reviewed again to show potential bill impacts under the recommended rate structure option.

The group continued messaging and outreach planning with several concepts, important points, and methods for public messaging and outreach discussed.

Key Takeaways

- The “Gross & Impervious Surface Area” method with the “Flat Rate + Net Area” adjustment for residential properties was agreed to as the recommended rate structure recommendation from the Focus Group.
- The Group emphasizes the need to communicate the value, purpose, and impact of the city’s stormwater system in a way that builds understanding, trust, and support.

Meeting 6: Finalization, Report, and Public Messaging (September 9, 2025):

In the last meeting, the group took one more look at the recommended rate structure and shared remaining comments and questions. Next, the peer community comparisons first reviewed in Meeting 2 were revisited to see how the new rate structure compares. Lastly, the group worked through key messaging concepts including core messaging themes and additional notes for outreach recommendations, followed by review of a list of outreach methods.

Key Takeaways

- Final comments and questions regarding the recommended rate structure were addressed and noted.
- Peer community comparisons were found to be a helpful visual and should be made available with public outreach.
- The group reviewed and agreed upon three core message themes, additional notes for outreach recommendations, and a list of outreach methods (summarized later in this document).

Rate Structure Recommendations

The Focus Group agreed that stormwater management is essential to maintaining Inver Grove Heights' quality of life, safety, and resilience, and that the city's Stormwater Utility supports a complex system designed to prevent flooding, protect roadways, manage seasonal runoff, and safeguard water quality. The Focus Group supports the Stormwater Utility's vision and goals, and with an understanding of the utility's future needs, the group supports increased spending in the future to meet these needs.

The Focus Group agreed on a recommended rate structure as outlined below. Establishing the recommended rate structure required productive discussions to adjust and mold the rate structure to fit the parcel dynamics of the City. It should be noted that the goal of the Focus Group was to provide feedback on rate structure types and methodology, not to establish future rates. The dollar amounts of flat and unit rates discussed with the Group were based on current revenue generation. With a need for increased stormwater revenue identified, future increases to the rates under the recommended rate structure methodology will be established as a future effort. Both changing the rate structure and setting future rate increases will need formal adoption and approval by the City Council.

Recommended Rate Structure¹

- Residential
 - Flat rate for the first acre
 - Additional \$X per unit of net area
- Non-Residential
 - \$Y per unit of impervious area
 - \$X per unit of gross area
 - Subject to a minimum bill (potentially the same as the residential flat rate)
- Definitions:
 - Gross Area: Total area of a parcel excluding right of way.
 - Impervious Area: Area of a parcel consisting of hard surface (such as structures, asphalt, compacted gravel, concrete, or other man-made surfaces) that produces stormwater runoff.
 - Residential Net Area: Area of a residential parcel exceeding one acre.

¹ The Focus Group reviewed a rate structure that matched current revenue generation, where X = \$0.40 per 1,000 square feet annually, Y = \$9.57 per 1,000 square feet annually, and the residential flat rate / commercial minimum was the same at \$60 annually.

Messaging and Outreach Recommendations

General discussion on messaging approaches surfaced at each of the Focus Group meetings, and the topic of messaging was introduced more in-depth during the July and August meetings. A few early message concepts were used as a way to prompt deeper discussion around key points, word choices, depth of information, and methods for public communications.

The group emphasized the need to communicate the value, purpose, and impact of the city's stormwater system in a way that builds understanding, trust, and support. This will help residents see stormwater as a critical city service that benefits everyone, regardless of where they live, while demonstrating the city's commitment to transparency and long-term planning.

If a stormwater rate structure change moves forward, the Focus Group members made the following recommendations to guide message development and outreach methods:

Core Messaging Themes:

- **Community Benefit:** Stormwater management protects roads, property, and safety. Emphasize the shared benefits of a well-maintained system, even when impacts aren't immediately visible. Runoff doesn't stop at property lines. Similar to streets and public safety services, stormwater maintenance is a citywide service.
- **Transparency and Trust:** Acknowledge current challenges openly, explain why updates are needed, and provide straightforward, easy-to-understand information about rates, funding, and system needs.
- **Future-Focused Planning:** Show how proactive maintenance prepares the city for growth, prevent costly emergencies, and support sustainability and resilience. Focus on long-term benefits, not just today's issues.

Additional Messaging Notes:

- Talk about the Focus Group and how the city engaged the public early in the process (and reference the Charter [attached] where appropriate).
- Keep messaging simple and relevant. Use plain language to demystify stormwater management and funding.
- Use relatable examples of stormwater's role in daily life and explain the basics of what a stormwater utility and stormwater system is.

- Include statistics or cost information only when framed simply and tied to real impacts.
- Highlight rural realities like erosion and maintenance needs/costs to connect with residents outside urban areas.
- Emphasize why a unified residential rate supports fairness across the city and eliminates “handshake deals” with no basis for the discounted or customized rates.
- Show how proactive planning now avoids higher costs or risks later.
- Tie messaging to the city’s growth story: from a village to a connected, growing city.
- Be careful with specific word choices (e.g., the city uses a Stormwater Utility rather than created one) and include both rainfall and snowmelt when talking about runoff.
- Avoid cliché wording or a universal message, instead focus on why it matters to them.

Recommendations for Outreach Methods:

- Build awareness through multiple channels.
- Launch a dedicated stormwater webpage with videos, FAQs, and relatable examples.
- Review, update, and expand the current Stormwater Utility FAQs on website.
- Create short explainer videos, or share links to videos from credible sources, showing staff in action, infrastructure in use, and how stormwater supports daily life. Share these on website and social media.
- Add a stormwater utility rate calculator to the billing web page, as well as a bill example with specific costs explained or highlighted.
- Introduce the basics and need for a stormwater system in the city’s newsletter. Explain what a stormwater utility pays for, the important work that is done throughout the city, and areas that show a visual need for improvement and/or maintenance.
- Include informational inserts or messages in utility bills.
- Use storytelling and visuals to show what a stormwater system is and why it is important.
- Use side-by-side examples showing “before and after” impacts when possible.
- Address homeowners’ concerns with clear, concise explanations about rates and system benefits.

Charter for the Inver Grove Heights Citizen Focus Group on Stormwater Utility Rates

1. Purpose

The Citizen Focus Group on Stormwater Utility Rates (hereafter referred to as the "Focus Group") is established to provide feedback to staff and the City Council of the City of Inver Grove Heights (hereafter referred to collectively as the "City") regarding the development, evaluation, and implementation of equitable and sustainable stormwater utility rates. The Focus Group will focus on balancing fiscal responsibility, maintenance and capital investment needs, regulatory compliance, and general community needs as it relates to the City's stormwater utility infrastructure.

2. Objectives

- Review the current stormwater utility rate structure and assess its fairness to property owners and effectiveness in meeting the City's stormwater management needs.
- Review alternative rate structures and methodologies to ensure fairness, equity, and sustainability.
- Consider the impact of alternative stormwater utility rates on various property types (e.g., residential, commercial, industrial, etc.).
- Provide recommendations to the City for updating and/or modifying the current stormwater utility rate structure.

3. Membership

The Focus Group will consist of 8-12 members appointed by the City Council, representing a diverse cross-section of the community, including:

- Residential property owners
- Commercial and industrial property representatives
- Professionals with expertise in stormwater management, engineering, or finance
- At-large community members
- Up to two (2) City Council members

4. Roles and Responsibilities

- **Focus Group Members:** Actively participate in meetings, review provided materials and contribute to discussions and recommendations.
- **City and Consultant Staff:** Provide technical support, data, and resources necessary for informed Focus Group feedback. Guide discussions to ensure productive and inclusive dialogue. Set agendas and provide background information as needed for each meeting. Accept guidance and recommendations of discussion items from Focus Group members regarding meeting topics and content.

5. Meetings

The Focus Group will meet approximately six (6) times starting on or after May 20, 2025, and extending through September 9, 2025. Meetings will be held on Tuesday evenings beginning at 6:00 PM, and last approximately 1.5-2 hours. Meetings will be held in-person, although a hybrid in-person/virtual meeting format may be considered at the discretion of the Public Works Director based on meeting location and technical capabilities. Meetings will be open to the public, and agendas and minutes will be made available to the Focus Group members and the public. Adjustments to the meeting schedule will be determined by the City's Public Works Director and approved by a consensus from a simple majority of Focus Group members.

6. Deliverables

The Focus Group will produce the following:

1. A summary report compiled by the City's utility rate study consultant detailing key talking points, feedback from the Focus Group members, noted areas of consensus or disagreement, and any key findings, analyses, and recommendations.
2. A presentation to the City Council, to be delivered in conjunction with City staff and consultants with recommendations for modifications to the City's stormwater utility rate structure.

7. Timeline

The Focus Group will be established by resolution of the City Council no later than May 12, 2025, with the final summary report presented to the City Council in the fall of 2025.

8. Guiding Principles

- **Transparency:** Ensure that all discussions, data, and decisions are accessible and understandable to the community. Provide guidance and feedback regarding public outreach and messaging of any recommended changes to the stormwater utility rate structure.
- **Equity:** Strive to create a rate structure that is fair, equitable, and considers the diverse needs and impacts on the community.
- **Sustainability:** Prioritize long-term solutions that balance fiscal constraints with stormwater infrastructure maintenance and management needs.

9. Authority

The Focus Group serves as an advisory body to the City Council and does not possess decision-making authority. Recommendations provided by the Focus Group will inform the City Council's final decision on stormwater utility rates, but the Council retains the final authority to select and implement any changes to the rate structure or amounts.

10. Dissolution

The Focus Group will dissolve upon the acceptance of its final summary report by the City Council, but no later than December 31, 2025, unless otherwise determined by resolution of the City Council.

**CITY OF INVER GROVE HEIGHTS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. 2025-030

RESOLUTION TO ESTABLISH A CITIZENS FOCUS GROUP ON STORMWATER UTILITY RATES

WHEREAS, the City Council desires to maintain the City's stormwater infrastructure to a level that meets the needs of the community both safely, efficiently, and cost-effectively; and

WHEREAS, the City Council has determined that a Stormwater Utility Rate Study, to be performed as City Project No. 2024-11, provides an opportunity to engage feedback from residents and property owners within the City; and

WHEREAS, a Citizen Focus Group can provide feedback to staff and the City Council regarding the development, evaluation, and implementation of equitable and sustainable stormwater utility rates; and

WHEREAS, a formal Charter for the Inver Grove Heights Citizen Focus Group on Stormwater Utility Rates has been drafted by City staff and included with this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE INVER GROVE HEIGHTS CITY COUNCIL, THAT:

1. The Citizen Focus Group on Stormwater Utility Rates is hereby established in accordance with the attached "Charter for the Inver Grove Heights Citizen Focus Group on Stormwater Utility Rates."
2. The City Council directs staff to solicit interested community members for participation in the Citizen Focus Group on Stormwater Utility Rates and provide recommendations for City Council approval of selected Focus Group members as part of a future City Council action no later than May 12, 2025.

Approved by the City Council of the City of Inver Grove Heights, Minnesota on this 10th day of February 2025.



Brenda Dietrich, Mayor

ATTEST:



Rebecca Kiernan, City Clerk

Inver Grove Heights **Stormwater Utility Rate Study**

Council Workshop

November 3, 2025



www.ighmn.gov



Today's Workshop Agenda

- Purpose of a Stormwater Utility and Current Challenges
- Rate Study Scope/Schedule Overview
- Existing Rate Structure Overview
- Citizen Focus Group Efforts
 - Reviewed Challenges with Current Stormwater Utility and Rates
 - Explored Potential Rate Structures
 - Recommended a Preferred Rate Structure
- Rate Structure "Reset" Process and Example Property Fees
- Rate Projection Scenarios
- Outreach & Implementation Considerations

Questions/Items to Address

- Does the majority of Council support the proposed rate structure?
- Does the majority of Council support the proposed rate structure implementation?
- Can the majority of Council find consensus on how quickly we wish the stormwater utility fund to become fully self-sufficient?
- Does the majority of Council support the proposed public outreach recommendations?

Utility Purpose and Current Challenges

Overview of Stormwater Utility

Purpose of a Stormwater Utility & Rate Structure

Goal of a Stormwater Utility:

- To manage and maintain a stormwater system throughout a community to accommodate stormwater runoff and protect both life and property from damage due to stormwater runoff.
- As an “Enterprise Fund”, utilities are desired to be self-sufficient based on collection of user fees and not utilize the City’s General Fund (tax-based funding) for operation and maintenance. By collecting a utility fee, that money can only be used for that specific utility.

Goal of a Stormwater Rate Structure:

- Fairly distribute cost of stormwater services across eligible properties based on the parcel’s contribution to stormwater runoff

Overview of Stormwater Utility

Authorized under MN State Statute 444.075

- **Subdivision 1:** Definitions.

(e): "Storm sewer" means storm sewer systems, including mains, holding areas and ponds, and other appurtenances and related facilities for the collection and disposal of stormwater.

(f) "Facilities" means and includes waterworks, sanitary sewer and storm sewer systems, or any portion or portions thereof.

- **Subdivision 1a:** Authorization. Any municipality may build, construct, reconstruct, repair, enlarge, improve, or in any other manner obtain facilities, and maintain and operate the facilities ...

Overview of Stormwater Utility

Authorized under MN State Statute 444.075

- **Subdivision 3b:** Storm sewer charges. Storm sewer charges may be fixed/set:
 - 1) by reference to the **square footage of the property** charged, adjusted for a reasonable calculation of the stormwater runoff; or
 - 2) by reference to a reasonable **classification of the types of premises** to which service is furnished; or
 - 3) by reference to the **quantity, pollution qualities, and difficulty of disposal of stormwater runoff** produced; or
 - 4) on **any other equitable basis**, including any combination of equitable bases referred to in clauses (1) to (3) ...
- **City Code 8-7** mirrors State Statute for establishing a stormwater utility and authorizing the use of storm sewer charges

History of the IGH Stormwater Utility

Timeline

- Stormwater Utility Established in 2007 via Ordinance No. 1155
- Stormwater Utility Fee/Rate Report completed in 2008
- Rate Structure/Fee Schedule Implemented in 2012

Identified Challenges & Issues

2012 Implementation

- Implementation of charges did not follow the 2008 rate report and a series of policy decisions were made that diverged from the 2008 rate report.
- Introduced a “Rural” billing class that was based on citywide data and only paid the base charge
 - Parameters not clearly defined.
 - Was not strictly adhered to when assigning original classifications.
- There have been rate inconsistencies since implementation.
 - Initial rates established to fund only 50% of stormwater needs in 2012
 - Remaining 50% from other sources (primarily General Fund via Pavement Management funding and special assessments)
 - Goal was for annual increases to stormwater utility rates over time to meet 100% of stormwater needs

Identified Challenges & Issues

History of Rate Adjustments

Summary of Annual Rate Increases

- 2013-2017 - No Rate Increases (0%)
- 2018 - 45% (all rates)
- 2019-2022 - 5% increase per year (all rates)
- 2023-2025 - 5% on NWA rates, 25% on Rural & Urban Rates
 - Goal: Bring Urban and NWA rates together by 2027/2028

Stormwater Needs Consistently Outpace Revenue

- Stormwater Rates and Development Revenue Covers:
 - 68% of Total Expenses for Stormwater (2020-2024) → Operating & Capital
 - 55% of Total Expenses for Stormwater (2025-2029 - Projected)

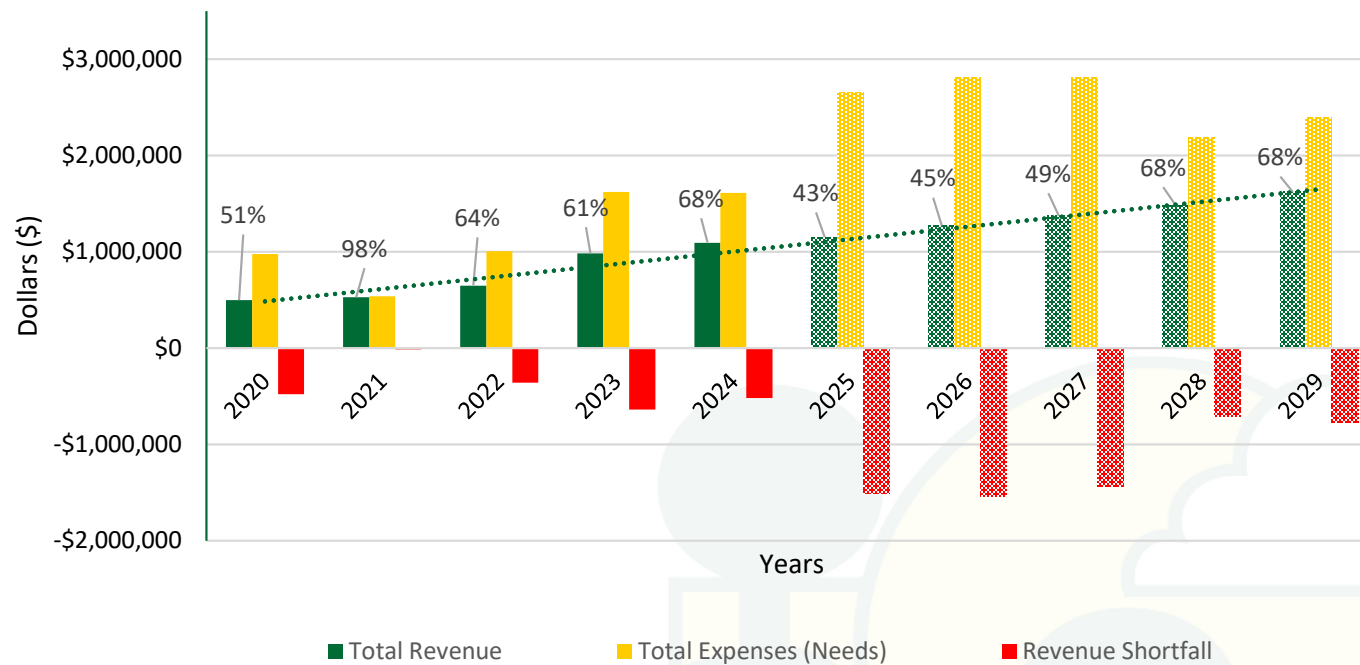
Council Historically Approved Supplement Revenue through Non-Utility Sources

- Special Assessments (PMI Projects)
- Host Community Fund
- Pavement Management Fund
- Special Taxing Districts

Identified Challenges & Issues

Revenue Shortfalls

Stormwater Revenues vs. Expenses (2020-2029)



Rate Study Scope/Schedule Review

Stormwater Rate Study Scope

Analyze the City's stormwater utility needs for a 15-year time horizon (2026-2041).

Develop options for a rate structure that is:

- Fair
- Equitable
- Reasonable to Administer
- Sufficient to fund the City's stormwater operating and capital needs

Stormwater Rate Study Scope/Schedule

Project Goal: Stormwater Utility rate structure recommendation that is fair, equitable, reasonable to administer and sufficient to meet City's stormwater infrastructure needs (into the future)

Key Scope Items:

- Identify Revenue Requirements
- Rate Design
- Focus Group
- Rate Recommendations and Projections
- Financial Model
- Final Report and Deliverables

Items	Date Due
Expected Notice to Proceed _____	February 10, 2025
Complete Stormwater Data Collection/Review _____	April 4, 2025
Citizen Focus Group Established _____	May 12, 2025
Citizen Focus Group Kickoff _____	May 20, 2025
Complete Rate Design & Financing Options _____	June 27, 2025
Citizen Focus Group Discussions _____	May-September 2025
Draft Report Presentation (Council Meeting) _____	September 2025
Final Report Presentation (Council Meeting) _____	October/November 2025

Existing Rate Structure Overview

Existing Rate Structure

Complicated and Hard to Administer

- Hard to explain
- Complex rate/billing structure
 - 45 different billing rates
 - Specialized rates for select properties (≈ 200)
- Inconsistencies in how accounts are categorized
- Cumbersome billing process

Current 2025 Stormwater Rates

Stormwater Utility Group		Per Lot (L) or Acre (A)	Rural per Month	Urban per Month	NWA Development per Month
Single Family Residential	R-1A	L	\$3.76	\$10.95	\$16.37
	R-1B	L	\$2.43	\$7.04	\$10.51
	R-1C	L	\$2.08	\$5.18	\$7.80
	Estate (5 acre Cap)	A	\$2.73	\$7.83	\$11.67
Multi-Family Residential	R-2 (Duplex/Twinhomes)	A	\$5.95	\$17.20	\$25.73
	R-3	A	\$7.04	\$20.39	\$30.42
	R-4 (Manufactured Home)	A	\$8.11	\$23.51	\$35.10
Non-Residential	Agricultural/Open Space	A	\$1.64*	\$4.70	\$1.64*
	Business District	A	\$11.89	\$34.44	\$51.47
	General Business	A	\$15.70	\$45.41	\$67.84
	Shopping Center	A	\$13.54	\$39.14	\$58.50
	Industrial	A	\$11.35	\$32.88	\$49.14
Public/Institutional	Schools/Churches/Other	A	\$7.04	\$20.39	\$30.42
	Golf Courses/Cemetaries/Parks	A	\$1.64*	\$4.70	\$7.02
	City Facilities	A	\$11.89	\$34.44	\$51.47

(*)The minimum annual fee per parcel is \$19.68

Citizen Focus Group and Preferred Rate Structure

Stormwater Citizen Focus Group

Charter and Meetings

Purpose:

"To provided feedback to staff and the City Council regarding development, evaluation, and implementation of equitable and sustainable stormwater utility rates."

Meetings and Engagement:

- The Focus Group met six times over the course of the summer
- They participated in homework including reviewing provided materials, independent research, and neighbor/friends engagement

Stormwater Citizen Focus Group

Challenges & Issues with Current Utility and Rates

- Growing backlog of deferred maintenance
- Utility is not financially self sufficient
 - Supplements 40-50% of its funding through non-utility sources
- Complex and hard to administer rate structure
- Rates vary across properties without clear parameters or reason; inequitable rate structure

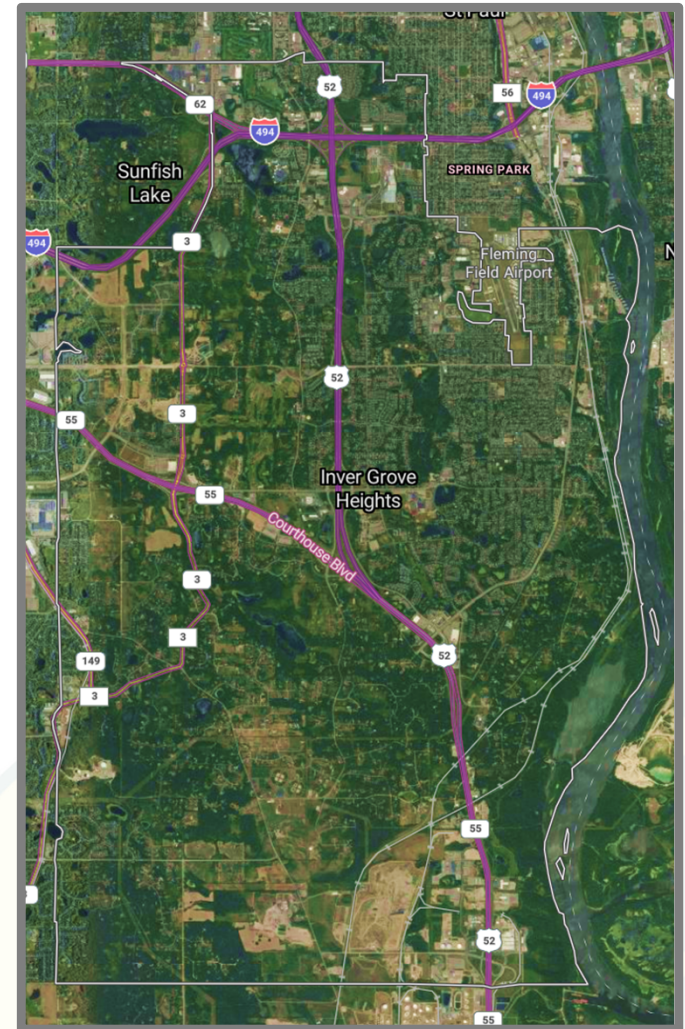
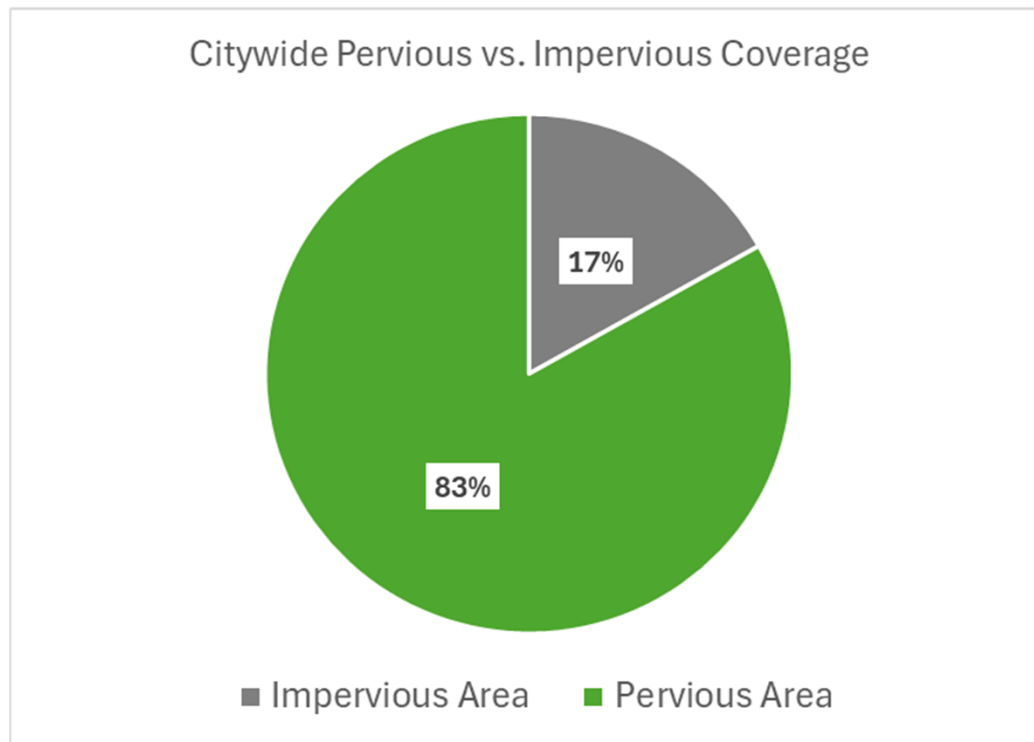
Stormwater Citizen Focus Group

Key Stormwater Rate Structure Definitions

- **Stormwater Runoff:** Water that flows off surfaces like roofs, driveways, parking lots, streets during rain events and snowmelt.
- **Impervious Area:** Hard surfaces such as concrete, asphalt, compacted gravel or other structures and man-made surfaces that prevent stormwater from being absorbed by the soil.
- **Pervious Area** (opposite of impervious): Natural surfaces such as grass, open fields, agricultural spaces, sand, etc. that allows rain, snowmelt, and runoff to infiltrate into the soil.

Stormwater Citizen Focus Group

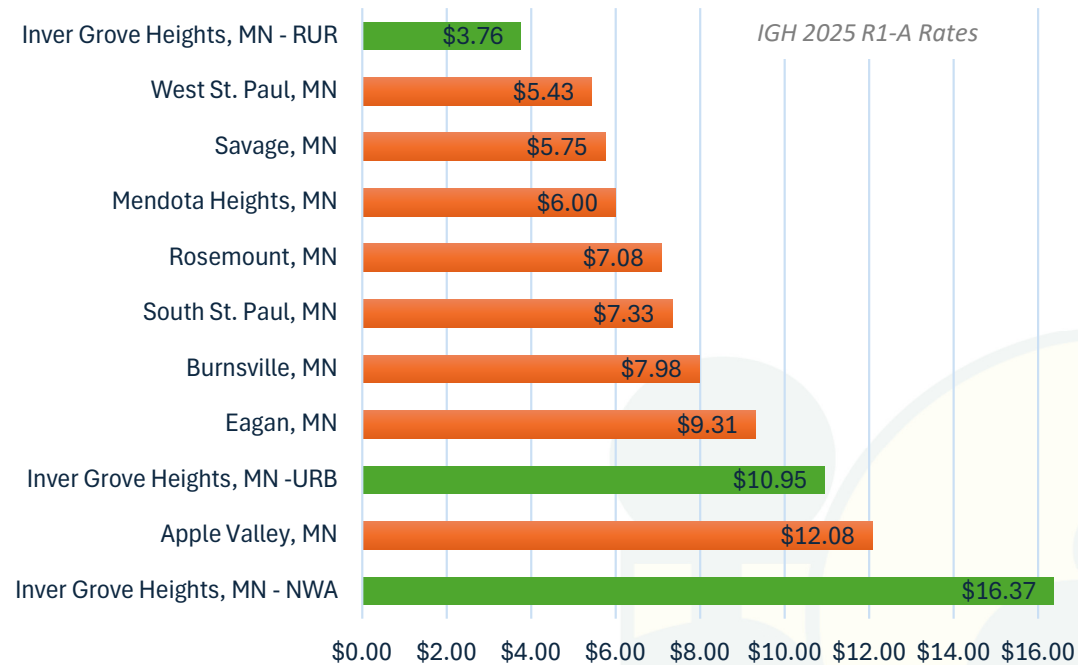
Parcel Data - Impervious vs Pervious Area



Stormwater Citizen Focus Group

Current Bill Comparisons with Peer Communities

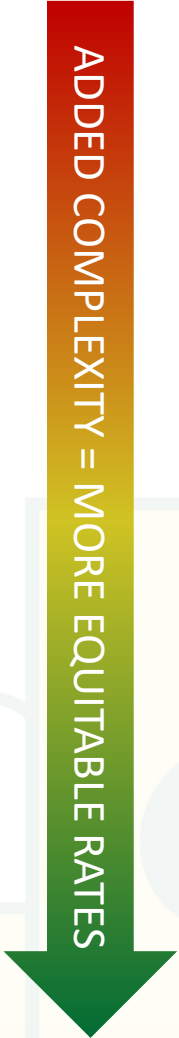
Residential



Common Types of Stormwater Rate Structures

	RATE STRUCTURE	APPROACH
1	FLAT RATE	All parcels are charged a single flat rate, or all parcels are charged a flat rate by user class (i.e. commercial = \$100 and industrial = \$200)
2	GROSS AREA FACTORED BY RUNOFF COEFFICIENT	Runoff coefficients are established for different property types based on generalized property characteristics.
3	IMPERVIOUS SURFACE AREA	Fees are established based on a multiplying impervious area by a unit rate.
4	GROSS AND IMPERVIOUS SURFACE AREA	Fees are established based on a multiplying both impervious area and pervious (or total) area by unit rates.
5	CLASS INTENSITY OF DEVELOPMENT	Intensity factors are established for each property as an estimate of development density (usually calculated as the ratio between impervious area and total area).
6	EQUIVALENT HYDRAULIC AREAS (PERVIOUS AND IMPERVIOUS)	Equivalent hydraulic area is established by estimating a property's runoff contribution (based on the combined effect of the impervious and pervious area of the parcel using hydrologic response factors). Essentially building models for each property to estimates runoff contribution and charging per unit of runoff (i.e. \$ per gallon).

ADDED COMPLEXITY = MORE EQUITABLE RATES



Rate Structures Selected by Focus Group for Exploration

	RATE STRUCTURE	APPROACH
1	FLAT RATE	All parcels are charged a single flat rate, or all parcels are charged a flat rate by user class (i.e. commercial = \$100 and industrial = \$200)
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Group explored these options:

- Fair and equitable
- Most common types
- Works with current data
- Easier to explain

Pros/Cons of Common Stormwater Rate Structures

	RATE STRUCTURE	PROS	CONS
1	FLAT RATE	- Simple to understand - Easy to administer - Low data requirements	- Inequitable - Easily challenged
2	GROSS AREA FACTORED BY RUNOFF COEFFICIENT	- Better reflects potential runoff volume than flat rate - Works where impervious surface data is not available - Good for communities with limited data	- Less precise than direct impervious measurement - Requires coefficient assumptions that can be challenged
3	IMPERVIOUS SURFACE AREA	- More equitable due to directly linking to runoff contribution - Widely used and well supported legally	- Requires GIS surface mapping - Does not recognize runoff that occurs from previous surfaces
4	GROSS AND IMPERVIOUS SURFACE AREA	Considers both impervious and pervious areas capturing runoff from all surfaces	- Requires GIS surface mapping - Requires high amounts of data and can be complex within billing systems
5	CLASS INTENSITY OF DEVELOPMENT	- Similar to Gross and Impervious Surface Area method and can be easier to explain and simpler to administer and implement in billing systems - Reflects general patterns of runoff specific to individual properties	- Requires GIS surface mapping - Requires high amounts of data - It can be less defensible if customers perceive the charges are nonreflective of runoff
6	EQUIVALENT HYDRAULIC AREAS (PERVIOUS AND IMPERVIOUS)	- Most equitable rate structure - Accounts for potential runoff from the pervious portion of parcels - Can be used to estimate runoff from undeveloped land	- Requires GIS surface mapping and hydraulic models - Data intensive and administratively complex - Not commonly used in the region

Stormwater Citizen Focus Group

Rate Structure Selection

- Reviewed property bills with the three rate structure options
- Considered the pros and cons of each structure
- Preferred the use of Impervious Area in the rate structure
- The Gross and Impervious Area structure was ultimately selected as the preferred structure:
 - Included a charge for Gross Area in addition to impervious area
 - More equitability distributed cost across varying parcel sizes
 - Better represented citywide benefits of the stormwater utility

Stormwater Citizen Focus Group

Rate Structure Selection

- Gross and Impervious Area structure was further refined for residential
 - Desire for simplification to a flat uniform rate
 - However, there is a wide range of residential properties sizes
 - To more equitably account for larger properties, an additional Net Area charge would apply to properties greater than 1 acre in size
 - Note: this 1-acre threshold aligns with current zoning regulations
- Example:
 - All residential properties less than 1 acre pay the same flat rate
 - All residential properties over 1 acre in size pay the same flat rate plus an additional charge for the area in excess of 1 acre

Stormwater Citizen Focus Group

Recommended Rate Structure

This generates ≈\$1.5M
in revenue matching
the 2026 budget.

- Residential
 - Flat rate for the first acre
 - Additional \$ **X** per unit of net area
- Non-Residential
 - \$ **Y** per unit of impervious area
 - \$ **X** per unit of gross area
 - Subject to a minimum bill

Draft 2026 Rates (Annual):

\$75 (for ≤ 1 acre)

X = \$0.50 per 1,000 ft²

Y = \$11.96 per 1,000 ft²

X = \$0.50 per 1,000 ft²

\$75 min (same as residential)

- Definitions:
 - Gross Area: Total area of a parcel excluding ROW
 - Impervious Area: Area of a parcel consisting of hard surface (such as structures, asphalt, compacted gravel, concrete, or other man-made surfaces) that produces stormwater runoff
 - Residential Net Area: Area of a residential parcel exceeding one acre

Stormwater Citizen Focus Group

Key Takeaways

- The Focus Group supports the stormwater utility's vision and goals and understands the need for increased utility spending
- Recommended Rate Structure:
 - Agreed upon and generally supported by all Focus Group members
 - Highly supported by staff → Simple and easy to explain calculations
- Outlined a high-level communications and outreach plan that included:
 - Core messaging themes
 - Recommended outreach methods

Rate Structure “Reset”

Rate Structure Reset

- Rate values are based on the anticipated **2026 revenue** as part of 2026 budgeting and are expected to generate approximately **\$1.5M** in rate revenue
- Consider implementing a mid-year **2026 "Rate Reset"** that targets **\$1.5M** in rate revenue under **the new rate structure**

2026 Rate Reset (Annual Rates):

- **Residential**
 - Flat rate of **\$75** for the first acre
 - Additional **\$0.50** per 1,000 ft² of net area
- **Non-Residential**
 - **\$11.96** per 1,000 ft² of impervious area
 - **\$0.50** per 1,000 ft² of gross area
 - Subject to a minimum bill of **\$75** per year (same as Residential)

Rate Structure Reset

Example Bills - Annual

	Total Parcel Size (Acres)	% Impervious	2026 Bill Current Structure	2026 Bill "Rate Reset"
Urban Residential (<1 acre)	0.3	22%	\$62	\$75
Rural Residential (> 1 acre)	2.4	4%	\$80	\$106
Residential – NWA (< 1 acre)	0.2	45%	\$95	\$75
Walmart	16.8	70%	\$6,938	\$6,463
Church (Unique Rate)	9.1	49%	\$1,245	\$2,516
Elementary School	12.2	41%	\$2,987	\$2,860
Apartment Complex	5.0	39%	\$1,221	\$1,134
Retail – Corner Store	1.3	84%	\$182	\$578

Rate Structure Reset

Parcel Comparisons – Urban Residential (<1 Acre)



Property Information		
Zoning	R-1C	
Current Rate Code	R-1C (Urban)	
Land-use	Residential	
Total Size (Acres)	0.31	
Impervious Area (Acres)	0.07	
Impervious %	21.88%	
Method	Annual Bill	Monthly Bill
2026 Current Structure	\$62	\$5.16
2026 Rate Reset	\$75	\$6.25

Rate Structure Reset

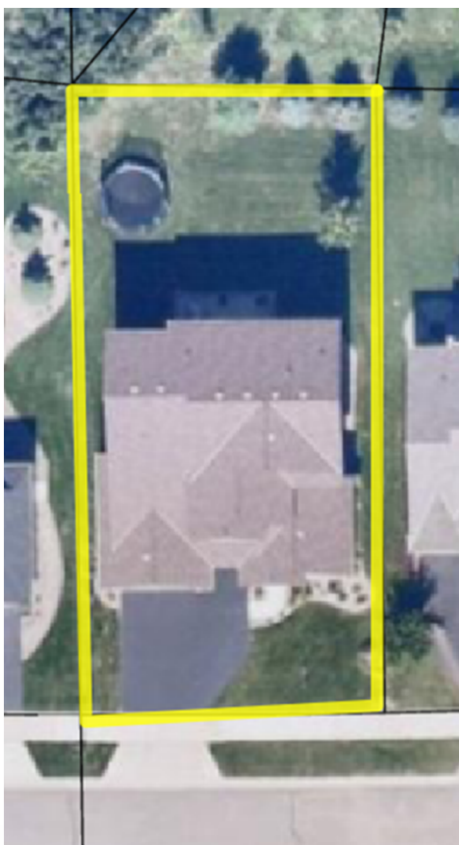
Parcel Comparisons – Rural Residential (>1 Acre)



Property Information		
Zoning	E-1	
Current Rate Code	Estate (Urban)	
Land-use	Rural Residential	
Total Size (Acres)	2.44	
Impervious Area (Acres)	0.11	
Impervious %	4.48%	
Method	Annual Bill	Monthly Bill
2026 Current Structure	\$80	\$6.67
2026 Rate Reset	\$106	\$8.83

Rate Structure Reset

Parcel Comparisons – Residential NWA (<1 Acre)



Property Information		
Zoning	PUD	
Current Rate Code	R-1C (NWA)	
Land-use	Residential	
Total Size (Acres)	0.20	
Impervious Area (Acres)	0.09	
Impervious %	44.96%	
Method	Annual Bill	Monthly Bill
2026 Current Structure	\$95	\$7.92
2026 Rate Reset	\$75	\$6.25

Rate Structure Reset

Parcel Comparisons - Walmart



Property Information		
Zoning	PUD	
Current Rate Code	Business District (Urban)	
Land-use	Commercial	
Total Size (Acres)	16.79	
Impervious Area (Acres)	11.70	
Impervious %	69.69%	
Method	Annual Bill	Monthly Bill
2026 Current Structure	\$6,938	\$578
2026 Rate Reset	\$6,463	\$539

Rate Structure Reset

Parcel Comparisons – St. Patrick Church (Urban)

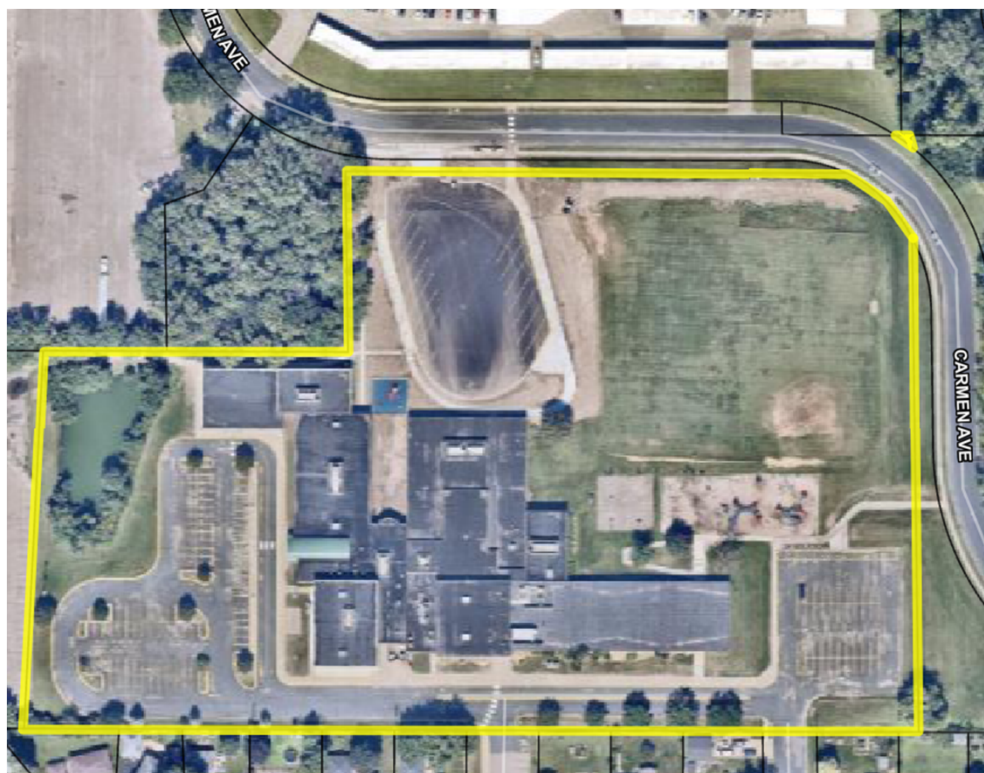


Property Information	
Zoning	P
Current Rate Code	St. Patrick Church - Unique
Land-use	Institutional
Total Size (Acres)	9.07
Impervious Area (Acres)	4.45
Impervious %	49.08%

Method	Annual Bill	Monthly Bill
2026 Current Structure	\$1,245	\$104
2026 Rate Reset	\$2,516	\$210

Rate Structure Reset

Parcel Comparisons - Hilltop Elementary

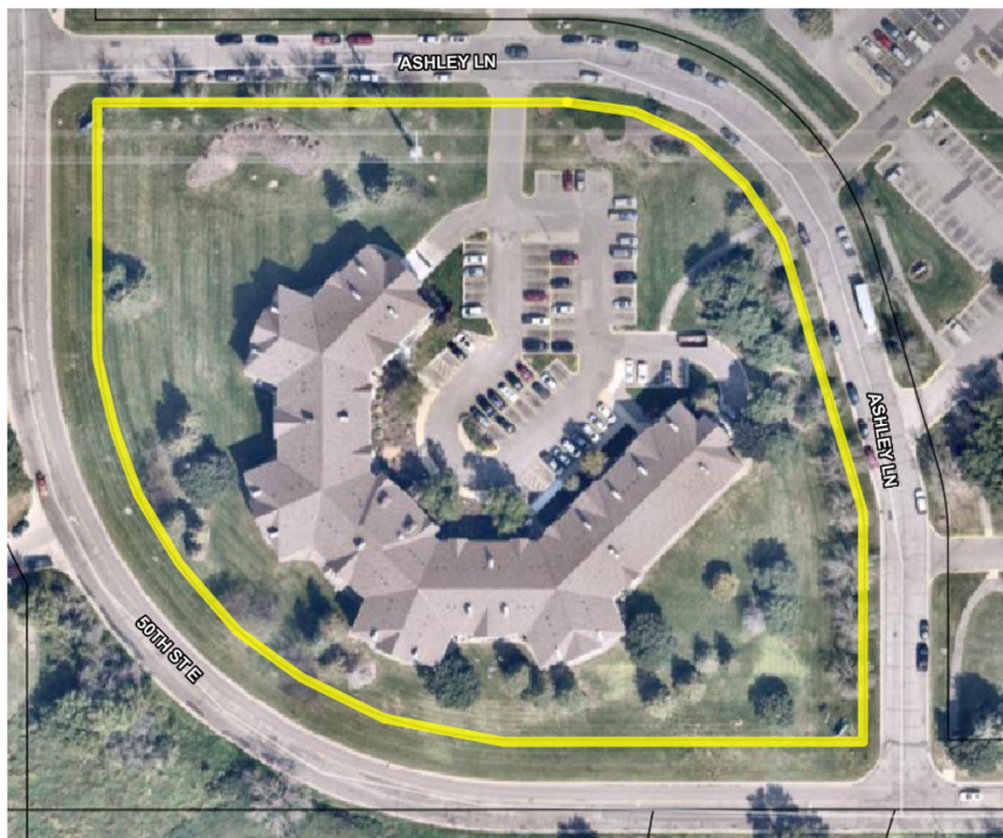


Property Information	
Zoning	P
Current Rate Code	School/Church (Urban)
Land-use	Institutional
Total Size (Acres)	12.21
Impervious Area (Acres)	4.98
Impervious %	40.78%

Method	Annual Bill	Monthly Bill
2026 Current Structure	\$2,987	\$249
2026 Rate Reset	\$2,860	\$238

Rate Structure Reset

Parcel Comparisons - Apartment Complex (Urban)



Property Information		
Zoning	PUD	
Current Rate Code	R-3 (Urban)	
Land-use	Multi-Family Residential	
Total Size (Acres)	4.99	
Impervious Area (Acres)	1.97	
Impervious %	39.46%	

Method	Annual Bill	Monthly Bill
2026 Current Structure	\$1,221	\$102
2026 Rate Reset	\$1,134	\$95

Rate Structure Reset

Parcel Comparisons – Retail Corner Store



Property Information		
Zoning	B-2	
Current Rate Code	Shop Center (Urban)	
Land-use	Commercial	
Total Size (Acres) less ROW	1.16	
Impervious Area (Acres)	0.98	
Impervious %	84.07%	
Method	Annual Bill	Monthly Bill
2026 Current Structure	\$182	\$15
2026 Rate Reset	\$535	\$45

Rate Structure Reset

Monthly Bill Comparison with Peer Communities



Rate Structure Reset

- All users will see bill increases as part of the 2026 budgeted rate increase under current rate structure (Jan 1, 2026)
- Under the rate structure reset:
 - Some utility bills would go up; others go down
 - Staff is proposing to move forward with the reset mid-year in 2026
 - Allow better “apples-to-apples” comparison for public outreach/communications
 - Allow a shift from annual to quarterly billing for stormwater-only properties
 - Allows staff to address and respond to one change at a time (rate structure), as opposed to both a rate structure and increased rates, as is typical at the start of each year.
- Annual rate increases beyond the rate structure reset are anticipated to be uniform across all rate types/users in future (2027 and beyond)

Rate Structure Reset

- Staff recommend a “hard reset”, as opposed to “grandfathering in” rates for properties with large adjustments.
 - Size of adjustment varies based on current property size, land use, and past classification.
 - Many of the most impacted properties that were given a “special rate” in the past → desire to avoid perpetuation of special treatment of “rate breaks”.
 - Implementation of special rates requires detailed documentation and staff time; often the “rate break” is less costly than the staff time to accommodate it.
- Staff recommend development of a rate policy in conjunction with rate structure
 - Ensure adherence to rate structure when implementing.
 - Identifying and addressing unique billing situations consistently (i.e., common interest property, townhome/association property, residential vs. vacant property, reviewing property redevelopment and changes in impervious surface quantity, etc.)
- We have more work to do to iron out some of these details and nuances.

Rate Projection Scenarios

Rate Projection Scenarios

Scenario Variables

1. \$19.6M in identified capital projects that are currently unprogrammed:
Program this over 10 years, 20 years, or 30 years?
2. Transfer in from Host Community Fund (HCF) of \$500K annually:
Eliminate this transfer in 2026 or 2030?

Scenario Matrix:

Scenarios	Unprogrammed Capital	HCF Transfer In – Final Year
Scenario 1a	10 Years	2026
Scenario 1b		2030
Scenario 2a	20 Years	2026
Scenario 2b		2030
Scenario 3a	30 Years	2026
Scenario 3b		2030

Rate Projection Scenarios

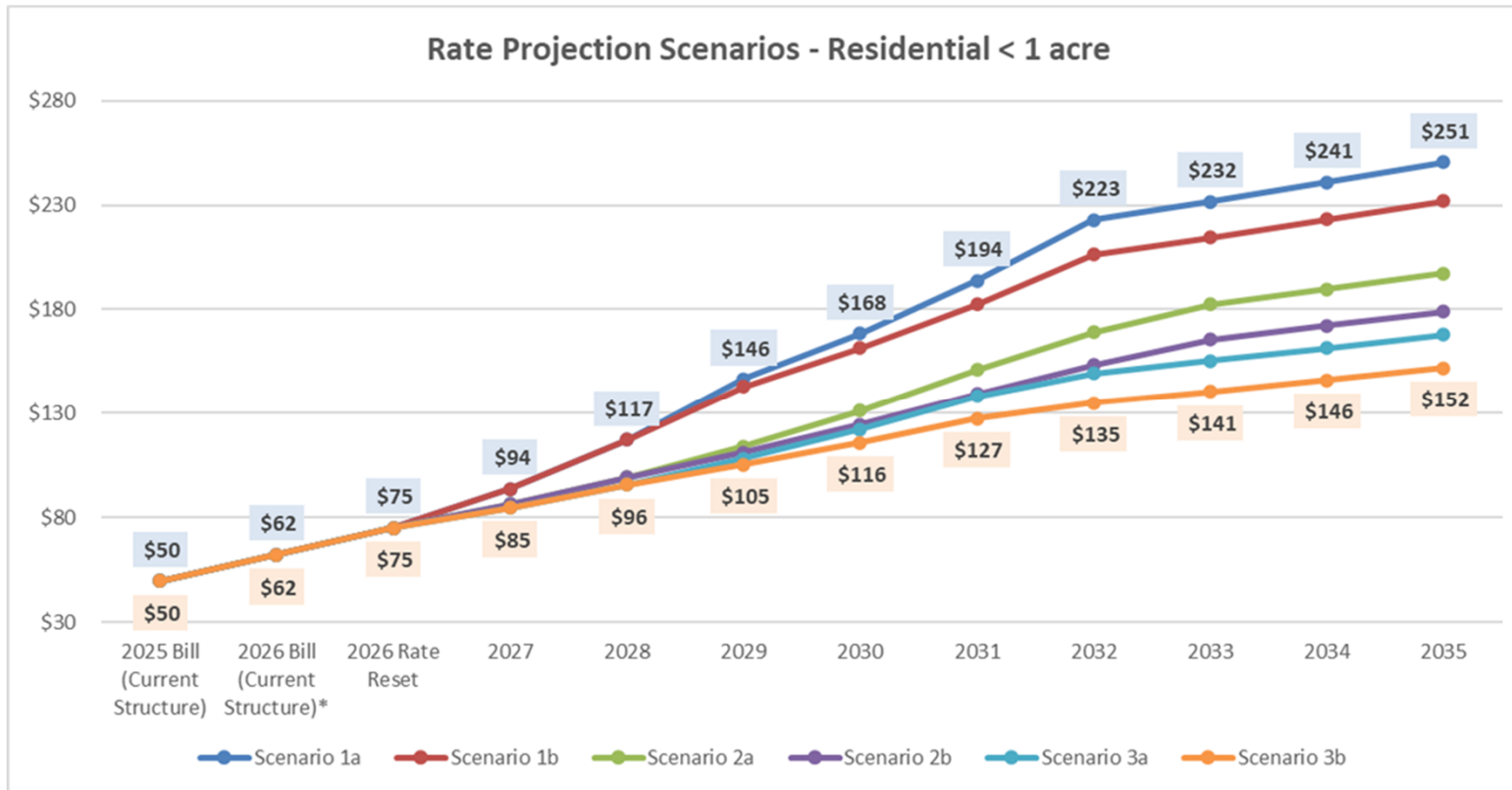
Annual % Increase

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Scenario 1a	Rate Reset	25.0%	25.0%	25.0%	15.0%	15.0%	15.0%	4.0%	4.0%	4.0%
Scenario 1b		25.0%	25.0%	22.0%	13.0%	13.0%	13.0%	4.0%	4.0%	4.0%
Scenario 2a		15.0%	15.0%	15.0%	15.0%	15.0%	12.0%	8.0%	4.0%	4.0%
Scenario 2b		15.0%	15.0%	12.0%	12.0%	12.0%	10.0%	8.0%	4.0%	4.0%
Scenario 3a		13.0%	13.0%	13.0%	13.0%	13.0%	8.0%	4.0%	4.0%	4.0%
Scenario 3b		13.0%	13.0%	10.0%	10.0%	10.0%	6.0%	4.0%	4.0%	4.0%

- Scenario 1: Unprogrammed Capital over 10 Years
- Scenario 2: Unprogrammed Capital over 20 Years
- Scenario 3: Unprogrammed Capital over 30 Years
- "A" Scenarios: Final year of HCF Transfer = 2026
- "B" Scenarios: Final year of HCF Transfer = 2030

Rate Projection Scenarios

Residential Projected Bills (Annual)



Outreach & Implementation Considerations

Public Outreach Considerations

Core Messaging Themes

- **Community Benefit:** Stormwater management protects roads, property, and safety. Emphasize the shared benefits of a well-maintained system, even when impacts aren't immediately visible. Runoff doesn't stop at property lines. Similar to streets and public safety services, stormwater maintenance is a citywide service.
- **Transparency and Trust:** Acknowledge current challenges openly, explain why updates are needed, and provide straightforward, easy-to-understand information about rates, funding, and system needs.
- **Future-Focused Planning:** Show how proactive maintenance prepares the city for growth, prevent costly emergencies, and support sustainability and resilience. Focus on long-term benefits, not just today's issues.

Public Outreach Considerations

Methods of Outreach

- **Bill Inserts/Buck Slips:** Provide notice of upcoming rate structure changes, with a QR code/link to specific City webpage with more detailed information. Information may also be shared through the City's utility bill pay system via direct email notifications (for those who subscribed).
- **Insights and Social Media:** Articles in City's Insight's newsletter and through website and social media channels, driving people to the established website for more information.
- **Website:** Clearing house of information. FAQ's, documents, reports, Focus Group information, and other key items. This is still to be developed and formatted; intended to focus on key messaging concepts: Community Benefit, Transparency and Trust, and Future-Focused Planning.
- **Other Outreach Methods**

Development of outreach materials and process is dependent on final rate structure adoption and implementation schedule. Current study scope includes updated rate FAQ's; providing specific public outreach materials or implementing further communication methods would need to be considered as a separate scope for implementation of the revised rate structure.

Implementation Considerations/Timing

- 2026 Rates (Current Structure) – Begin Jan 1, 2026
- Rate Reset Mid-2026
 - Ordinance, internal policy, and resolutions to adopt new structure
 - Finalize new utility bills (and policies as needed)
 - Billing system integration (potentially transitioning away from annual billing to quarterly billing for all stormwater-only bills)
 - New rates take effect TBD, 2026.
- Implement outreach and messaging strategy
- 2027 and Beyond Rate Setting
 - Decide on HCF transfer during 2027 budgeting
 - Decide on funding unprogrammed capital during 2027 budgeting or later

Questions/Items to Address

- Does the majority of Council support the proposed rate structure?
 - Is it fair, equitable, reasonable to administer, and sufficient to build upon to fund the City's stormwater operating and capital needs?
- Does the majority of Council support the proposed rate structure implementation:
 - Schedule?
 - Method (hard reset for all)?
 - Need for internal policy development?
- Can the majority of Council find consensus on how quickly we wish the stormwater utility fund to become fully self-sufficient?
 - Ween reliance off the Host Community Fund by 20XX?
 - Address the backlog of Capital improvement needs in 10-year, 20-year, 30-year, or XX-year timeframe?
- Does the majority of Council support the proposed public outreach recommendations
 - What additional items, if any, can the majority of Council find consensus on and provide staff direction for consideration and/or future follow-up?



CITY ADMINISTRATION

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2500

COMMUNITY DEVELOPMENT

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2545

FINANCE DEPARTMENT

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2519

FIRE DEPARTMENT

9200 Courthouse Boulevard
Inver Grove Heights, MN 55077
651-455-5082

PARKS & RECREATION

8055 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2585

POLICE DEPARTMENT

8150 Barbara Avenue
Inver Grove Heights, MN 55077
651-450-2525

PUBLIC WORKS DEPARTMENT

8168 Barbara Avenue
Inver Grove Heights, MN 55077
ENGINEERING: 651-450-2570
STREETS & UTILITIES: 651-450-4309

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Request for Council Action

SUBJECT: **CLOSED SESSION: City Administrator Annual Performance Evaluation**

MEETING DATE: November 3, 2025
ITEM TYPE: Discussion Items
CONTACT: Janet Shefchik, HR Manager, 651.450.2512

ACTION REQUESTED

The Council is asked to go into a closed session, pursuant to Minnesota Statute Chapter 13D.05, subd. 3, to conduct the City Administrator's annual performance evaluation.

BACKGROUND

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

None